GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:386
ANSWERED ON:15.12.2000
DISINVESTMENT IN PSU`S
VINAY KUMAR SORAKE

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether disinvestment in Public Sector Undertakings is being resorted to for raising funds to sustain the sagging economy;

(b) if so, whether the Government have ever thought of enforcing strict fiscal disciplinary measures on the Public Sector Undertakings which are sliding into the red;

(c) if so, the details thereof; and

(d) the steps taken by the Government for salvaging PSU`s through the help of the Financial Institutions ?

Answer

Minister of State (Independent charge) of the Department of Disinvestment , Minister of State irthe Ministries of Planning, Statistics & Programme Implementation and Minister of State in the Department of Administrative Reforms and Public Grievances (Shri Arun Shourie)

(a), (b), (c) & (d). A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 386 for 15.12.2000 by Shri Vinay Kumar Sorake regarding Disinvestment in PSUs
(a) Disinvestment in public sector enterprises aims at, interalia, optimum utilisation of capital, better corporate governance, reduction in commercial risks of tax-payer`s money, release of scarce resources for deployment in social sectors like Family Welfare, Health and Education and other sectors of greater public interest. This would be in the overall interest of improving the economy and the welfare of the people. The proceeds from disinvestment are credited to the Consolidated Fund of India from which all expenditure , including on social sector is met.

(b) & (c) Yes, Sir. Ministry of Finance has issued guidelines on expenditure management, fiscal prudence and austerity to all the Public Sector Enterprises on 24.9.2000 (copy annexed) with a view to further controlling the growth in non-plan and non-developmental expenditure. The Department of Public Enterprisesalso issues guidelines from time to time to the public sector enterprises with thrust on effecting economy.

(d) The financial institutions provide funds to the public sector enterprises at their request on commercial considerations.